

NYS DEPARTMENT OF CORRECTIONAL SERVICES
AND COMMUNITY SUPERVISION

Parole Board Hearing

In the Matter of

L. DENNIS KOZLOWSKI

DIN # 05A4820

NYSID # 1959351J

TYPE OF HEARING: Merit Release Appearance

LOCATION: Lincoln Correctional Facility

Video-conferenced to the
New York Parole Office
314 West 40th Street
New York, New York

DATE: April 4, 2012

BEFORE: COMMISSIONER G. KEVIN LUDLOW
COMMISSIONER MICHAEL A. HAGLER
COMMISSIONER JOSEPH P. CRANGLE

ALSO PRESENT SPO Gregory Seeley
APA Mary Beckett

HEARING REPORTER: Eileen Arrigo, Hearing Reporter

1 EXAMINATION BY COMMISSIONER LUDLOW:

2 Q. Good afternoon, sir.

3 A. Good afternoon.

4 Q. Sir, are you L. Dennis Kozlowski?

5 A. Yes, sir, I am.

6 Q. Mr. Kozlowski, I'm Commissioner Ludlow. With me
7 is Commissioner Hagler and Commissioner Crangle.

8 COMMISSIONER HAGLER: Good afternoon.

9 COMMISSIONER CRANGLE: Hi.

10 Q. Mr. Kozlowski, you appear today as a Merit
11 candidate for parole. Are you aware of that, sir?

12 A. Yes, I am, sir.

13 Q. The basis of your Merit appearance, I'm advised
14 by the Department, is your achievement of a substance abuse
15 certificate qualifying you apparently for a Merit candidacy for
16 parole.

17 A. That's correct, sir.

18 Q. You're 65 years old, sir?

19 A. I am, yes.

20 Q. You were found guilty by verdict to each of the
21 following, grand larceny not auto first; grand larceny not auto
22 first; conspiracy fourth; fraud in sale of securities; falsified
23 business records first. Controlling sentence appears to be eight
24 and a third to 25. You apparently have served over six to date.
25 Is that all correct, sir?

1 A. That's correct, sir. I have been in jail for I
2 believe 78 months. I'm on my 79th month.

3 Q. So over six years you've been in?

4 A. Yes.

5 Q. Sir, do you have any appeals pending, or do you
6 anticipate filing any appeals as to the verdicts?

7 A. No, sir. My conviction was final.

8 Q. Nonetheless, I call your attention to the fact
9 that we have a certified stenographic reporter in the room with
10 us. Every word we discuss is being reduced to a written
11 transcript. It's possible that that transcript could find its way
12 to public forums. We caution you what you may say regarding the
13 terms and circumstances of these crimes so as not to impede, limit
14 or jeopardize any future opportunity you may have for an appeal.
15 You may decline to discuss the terms and circumstances of these
16 crimes if you wish. We will not hold that against you.

17 Do you understand that, sir?

18 A. Yes, I do, sir. Thank you.

19 Q. Prior to the case going to verdict, did the
20 district attorney in New York County extend any kind of a plea
21 offer to you?

22 A. Through my attorney, sir, I was offered a plea,
23 but it was never really formalized, but I was offered a plea of
24 two to six years.

25 Q. Why did you refuse the offer, sir?

1 A. At that time, sir, I rationalized that I wasn't
2 guilty, and I elected to go to trial. I had a hung jury in my
3 first trial, and I went to trial a second time. The offer was
4 extended between the first and second trials when our chief
5 counsel went on trial for similar crimes and was acquitted.

6 Q. Are you presently maintaining your innocence as
7 to the verdicts?

8 A. No, sir. No, sir, I am not.

9 Q. These are your only convictions of record; is
10 that true?

11 A. Yes, sir, it is.

12 Q. You're presently on work release from Lincoln
13 Correctional Facility. You commenced work release on January 31,
14 2012; is that correct?

15 A. Yes, sir, that's correct.

16 Q. What is the status of your work release? Is
17 that what's known as a five/two furlough?

18 A. Sir, I'm not on five/two yet. This weekend I
19 begin a two/five where I'm at [REDACTED] on Friday
20 night and Saturday night. Prior to the weekend I was there on
21 Saturday nights, but I go to work every day Monday through Friday.

22 Q. Five days a week you're working presently at a I
23 believe it's a technology company of some kind where you are
24 assisting with essentially various clerical duties; is that
25 correct?

1 A. That's correct, sir. It's an e-learning
2 company.

3 Q. We have the sentencing minutes on file, sir,
4 from State Supreme Court, New York County, September 19, 2005,
5 before Judge Obus O-B-U-S. You at the time were represented by
6 three attorneys, Attorney Kaufman, K-A-U-F-M-A-N, Attorney Devita
7 D-E-V-I-T-A, and attorney Campriello, C-A-M-P-R-I-E-L-L-O. We do
8 note that the sentencing minutes are indeed lengthy. They are
9 over a hundred pages in length. We're required by statute, of
10 course, to consider these sentencing minutes, and we do receive
11 that as part of the record.

12 Is there anything if you recall, I know it was several
13 years ago, was there anything stated at sentencing in your
14 recollection that would bear on the issue of parole today that the
15 Board of Parole should be especially apprised of?

16 A. I do recall, Commissioner Ludlow, that the judge
17 stated, I believe a couple of times, that he does not believe me
18 to be a security risk.

19 Q. Do you recall, sir, that you completed a Risk
20 and Needs Questionnaire?

21 A. Yes, sir, I do.

22 Q. You addressed various questions and answered
23 those questions basically in a multiple choice way. Do you recall
24 that?

25 A. I believe it was a yes or no.

1 Q. Yes, yes and no questions, some had three
2 choices available to you, and you do recall completing that; is
3 that right?

4 A. I do recall that, sir, yes.

5 Q. We do have that information on file, and in
6 addition, we have the COMPAS instrument on file that was generated
7 as a result of that information, and consistent with Executive Law
8 259(c)(4), we certainly will incorporate that in our
9 deliberations.

10 The underlying offenses relate back to 1999 through 2002
11 when you served as chief executive officer of the Tyco
12 International. You had a codefendant, [REDACTED],
13 [REDACTED] who at that time was the chief financial officer.

14 If I can summarize this correctly, the essence of the
15 offenses relate to you and [REDACTED] having a rather dominant
16 influence over the affairs of the company as full-time members of
17 the board of directors in that you directed that various loans be
18 payable to you, including any taxes that might be due as a result
19 of income tax liability, and that you subsequently directed
20 corporate employees to satisfy these corporate records as
21 bonuses.

22 Is that essentially what took place, sir?

23 A. Yes, sir, that's correct. That is what took
24 place, I'm sorry to say.

25 Q. The figure that the file presents, if this is

1 correct, is that you were directed by the court to pay restitution
2 in the amount of \$134 million dollars, and in addition you were
3 directed to pay a criminal fine of \$70 million; is that correct?

4 A. Yes, sir, that is correct.

5 Q. Mr. Kozlowski, have those amounts been paid in
6 full consistent with the order?

7 A. Yes, sir, they have been paid in full consistent
8 with the order.

9 Q. It's been several years. You're 65 years old.
10 This case has received, in the past it's received a tremendous
11 amount of publicity. The world is certainly aware of that. Do
12 you have any particular thoughts or reflections on your situation
13 and your convictions that you could share with the Board of Parole
14 today, sir?

15 A. Yes, sir, I do. Back when I was running Tyco, I
16 was living in a CEO-type bubble. I had a strong sense of
17 entitlement at that time, and I had a sense of agreed, and in
18 doing so I stole money from Tyco, and I stole a lot of money, and
19 I did it the way you described through bonuses. I'm very sorry I
20 did that.

21 As I reflected, and I knew I was doing something wrong
22 at some level when I did it, my conscience told me one thing, but
23 my sense of entitlement allowed me to rationalize what I did.
24 After I was in prison for a bit and thinking hard about what I
25 did, I recognized my rationalizations were just that, they were

1 rationalizations.

2 I stole from the company. I misplaced the trust of
3 people that counted on me, people who worked at Tyco, people who
4 were invested in Tyco, my friends, my family, and I can't begin to
5 describe how deeply sorry I am for that behavior, and I have come
6 to recognize that a number of years ago while I was in jail.

7 In summary, what I could say about it, I stole the
8 money. I'm extremely sorry about it, and it's something I will
9 live with forever, and I don't even have the words to describe how
10 sorry I am for my actions.

11 Q. Would it be fair to say, sir, that you
12 essentially threw fiduciary duty during the time period in
13 question out the window?

14 A. I threw my fiduciary duty in regards to the
15 bonuses and the monies I took, what I call bonuses, they weren't
16 bonuses, and the money I took, I definitely threw that out the
17 window.

18 Q. It's a very sad affair for everyone involved,
19 including you and your family, the shareholders of Tyco, the board
20 of directors, and it is indeed a sad affair. Would you agree with
21 that, sir?

22 A. I agree it is a sad affair.

23 Q. As we identified earlier, the convictions are
24 your only offenses of record.

25 Program-wise we certainly want to recognize and

1 acknowledge accomplishments that you have made over the last six
2 years. More recently you have completed and graduated from the
3 ASAT program. That apparently was the basis for the issuance of
4 your Merit Certificate.

5 You have participated, as we identified earlier, in the
6 Lincoln Correctional Facility work release program since January
7 31st of this year.

8 You are doing a five day a week employment with a
9 technology company.

10 You are living with [REDACTED]

11 Any other programs over the last six years that you
12 would like to cite for the attention of the board?

13 A. I took one other program at Midstate. It was a
14 Think Before You Act program, and while I was in prison, I also
15 helped people achieve their GEDs through being a teacher's aide
16 and spent time helping people beyond their GEDs, people who might
17 have been taking college courses, but I really spent a fair amount
18 of my time reconnecting with my family, connecting with a priest
19 who is a psychologist, spiritual adviser to me, and I tried to use
20 my time as productively as possible. I was also a laundry porter
21 every day for many years in prison. I tried to stay positive and
22 active.

23 Q. Educationally we note you're a graduate of Seton
24 Hall University, and I believe you received your bachelor's degree
25 in 1968 from that great institution. Is that right, sir?

1 A. Yes, sir. I graduated Seton Hall in 1968 with a
2 bachelor's degree.

3 Q. How is your physical health today, sir?

4 A. [REDACTED]

5 [REDACTED] while I was at
6 Midstate, and I had something called [REDACTED] and I
7 also --

8 Q. Would that be [REDACTED]?

9 A. Yes, sir, it is [REDACTED].

10 Q. Sorry to interrupt, sir. Please complete your
11 thought.

12 A. The [REDACTED], and I
13 also had [REDACTED] while I was at Midstate.

14 Q. In terms of [REDACTED] you have not received
15 and are not receiving presently any kind of [REDACTED]
16 [REDACTED]; is that correct?

17 A. That's correct, sir.

18 Q. If paroled, do you expect to continue to live
19 [REDACTED]?

20 A. Yes, sir. If paroled, I do expect to continue
21 living with [REDACTED] and continuing on in the same job
22 I'm in at [REDACTED] It's a company that trains
23 former offenders, veterans and others for the work force.

24 Q. That's all to your credit. We certainly note
25 that for the record.

1 I do want to acknowledge, of course, that we have a
2 wealth of information that's been submitted in support of your
3 parole. We have a package that was prepared by the firm of
4 Carter, Ledyard and Millburn of Manhattan, in particular attorney
5 Allen S. Lewis, L-E-W-I-S, has favored us with a great deal of
6 information. You're aware of that, sir?

7 A. Yes, sir, I am.

8 Q. We do receive that for the record. We will
9 review it. Is there anything in particular with respect to the
10 submission from your attorney that you would like to highlight for
11 the panel's attention?

12 A. I believe there are some letters in that packet,
13 Commissioner, and I believe there's a letter from [REDACTED]
14 in the packet.

15 Q. From [REDACTED]?

16 A. Yes, [REDACTED].

17 Q. We do receive that.

18 As I said, there is a significant amount of information
19 here. We will certainly review it and consider it as part of the
20 total record.

21 We have a beautiful letter from [REDACTED]
22 dated February 21, 2012, and that's a very well written, a very
23 touching letter. We appreciate that very much.

24 We also have a similar letter dated February 23, 2012
25 from [REDACTED] Very well written,

1 also a touching letter in behalf of you.

2 Commissioner Hagler?

3 COMMISSIONER HAGLER: Mr. Kozlowski, how long did you
4 work for Tyco?

5 A. I was with Tyco for 26 years since 1976.

6 COMMISSIONER HAGLER: What were you when you entered
7 the company? What was your position?

8 A. I was an assistant comptroller, but within a
9 couple of months, we brought in another company, and I went to
10 that company in an operating role and spent most of my career at
11 Tyco in an operating capacity in their operating divisions. I was
12 president of various divisions at Tyco, but I started at Tyco when
13 I was 27 years old.

14 COMMISSIONER HAGLER: The thefts that occurred were
15 between 1999 and 2002; is that right?

16 A. Yes, sir.

17 Q. I'm sure you were well compensated at the time.

18 What would cause you to be enticed to get more money?

19 A. As I described a little while ago, as Tyco was
20 growing rapidly under our management, I developed a wrongful sense
21 of entitlement and greed, and that caused me to steal money from
22 Tyco. That I'm truly sorry about. It was that that got the best
23 of me, and it was wrong. I'm very sorry about it, but I did it.

24 COMMISSIONER HAGLER: Thank you. Thank you,
25 Commissioner.

1 Q. Commissioner Crangle?

2 COMMISSIONER CRANGLE: Just one question. How were you
3 able to afford to pay back all your restitution that you owed?

4 A. Over the years with Tyco, I made other
5 investments aside from Tyco. I invested in some real estate and
6 stocks and other things over my 27 years with Tyco, so I was able
7 to sell some of those investments. I sold my homes. I sold my
8 boat. I sold off my assets in order to pay the restitution as
9 quickly as I could.

10 COMMISSIONER CRANGLE: Do you have anything left?

11 A. I have very, very little left. The selling off
12 of my assets to pay the restitution in time took almost everything
13 I had.

14 COMMISSIONER CRANGLE: You enjoy the work that you're
15 doing now?

16 A. I do enjoy what I'm doing. It helps others to
17 help themselves in some ways. The company trains former
18 offenders, veterans and others to ready themselves for job
19 interviews in the work force, and I do like what I'm doing. It's
20 extremely low key, and that's the way I really want my life to be.

21 COMMISSIONER CRANGLE: Thank you.

22 A. You're welcome, sir.

23 Q. Mr. Kozlowski, back in June of 2005 I believe,
24 the Wall Street Journal published an article that was entitled, Be
25 Very Careful What You Put In Writing. It May Add Jail Time. You

1 probably recall that article?

2 A. I have been an interest to the media ever since
3 I was indicted. There were a lot of articles, so remembering a
4 specific one is a little difficult for me.

5 Q. In particular, the article refers to a former
6 employee of Tyco by the name of Mr. Shah, S-H-A-H, who at 41 years
7 old served as assistant comptroller at Tyco, and he was found
8 guilty of embezzling just under one million from Tyco, and
9 apparently, according to the article anyway, you wrote a letter to
10 comment on his sentencing at the time, and you are quoted if this
11 is accurate, and I'd like you to respond to it, you reportedly
12 stated in a letter that Mr. Shah's crime, quote, cannot be
13 condoned in any manner, quote, and you stated further, quote, not
14 only did he steal from the stockholders, but he breached the
15 fiduciary duty placed in him.

16 You apparently in that letter, according to the Wall
17 Street Journal, urged the court to sentence Mr. Shah to the
18 maximum term, further indicating reportedly and I quote,
19 wrongdoing of this nature against society is considered a grave
20 matter, end quote, and in essence you were suggesting that the
21 court consider a quote/unquote maximum term to be assessed against
22 Mr. Shah.

23 What I would like you to do, if you can, to the best of
24 your recollection and ability is, first of all, let me say do you
25 recall commenting in that way on Mr. Shah's sentencing?

1 A. Commissioner Ludlow, I have a vague recollection
2 of it. You did refresh my memory with that. I believe he was a
3 comptroller someplace in Texas in one of our decentralized
4 operations. He was not anybody that I knew at the time, but
5 please tell me what you would like me to comment on here.

6 Q. If you can, can you distinguish your situation
7 from that of Mr. Shah's back in 1995?

8 A. I honestly didn't know anything about Mr. Shah's
9 situation in our company with tens of thousands of employees. I
10 was asked to do this by somebody on our legal staff, and I signed
11 a letter, like many, many other letters that I would sign. If I
12 had to do that all over, I certainly wouldn't. I wouldn't sign
13 something that, you know, I didn't know something about or know
14 more about at that time. I don't doubt that I did it, that I
15 signed that letter, but I signed it without any knowledge of what
16 the gentleman might have been doing.

17 Q. You're suggesting that you signed it in a
18 perfunctory way?

19 A. Yes, sir. That's correct.

20 Q. I appreciate that. Thank you, sir.

21 Is there anything additional before we close the
22 interview, Mr. Kozlowski, that we should cover that perhaps we
23 haven't already covered in the interview?

24 A. Yes, sir. I do want you to know that I am fully
25 responsible for stealing money from Tyco. I'm extremely sorry

1 about it, and as you consider parole for me here today, I am
2 asking you for your mercy. I am asking you, in fact, I am not too
3 proud to beg you for your mercy here today. I'm extremely sorry
4 for what I have done, and I ask for your mercy that you consider
5 me and grant me parole, and I promise you I will never, ever have
6 you regret that or let you down in any way.

7 Q. Okay, sir. That's very well stated. We
8 appreciate that, sir.

9 Mr. Kozlowski, we have attempted, sir, to give you a
10 full, fair and accurate interview today. In your opinion, sir,
11 have you received that?

12 A. I believe I have received a full, fair and
13 complete interview today, yes, sir.

14 Q. At 65 we wish you good luck in getting your life
15 turned around in a positive and constructive way. We hope that
16 you can do that. We wish you good luck in doing so.

17 We'll advise you in writing. Good luck.

18 A. Thank you, sir.

19 HEARING CONCLUDED

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1 (After due deliberation by the parole board panel, the following
2 decision was rendered:)

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D E C I S I O N

5

COMMISSIONER LUDLOW: Parole denied. Hold to PE.

6

7 Following careful review and deliberation of your record
8 and interview, this panel concludes that discretionary release is
9 not presently warranted due to concern for the public safety and
welfare.

10

11 The following factors were properly weighed and
12 considered: Your instant offenses are the result of your theft of
13 over \$100 million from Tyco, an international public corporation,
14 in glaring violation of the trust placed in you as CEO by the
15 board of directors and corporate shareholders. The former chief
financial officer of Tyco was your codefendant.

16

The instant offenses are your only offenses of record.

17

18 Your institutional programming indicates progress and
achievement, which is noted to your credit.

19

20 Your disciplinary record appears clean and is likewise
noted.

21

22 Your receipt of a Merit Certificate is acknowledged and
considered by the panel.

23

24 Required statutory factors have been considered,
25 including your risk to the community, rehabilitation efforts and
your needs for successful community reentry.

PRECISE COURT REPORTING

(516) 747-9393 (718) 343-7227 (212) 581-2570

1 Your discretionary release at this time would thus not
2 be compatible with the welfare of society at large and would tend
3 to deprecate the seriousness of the instant offenses and undermine
4 respect for the law.

5 (Commissioners concur.)

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CERTIFICATION

I, EILEEN ARRIGO, Court Reporter and Notary Public in
and for the State of New York, do hereby certify that I attended
the foregoing proceedings, took stenographic notes of the same,
that the foregoing, consisting of 19 pages, is a true and correct
copy of same and the whole thereof.

Dated: April 6, 2012


Eileen Arrigo, Court Reporter